

INSTRUCTIONS FOR FILING LOCAL GOVERNMENT INSURANCE
PREMIUM TAX ANNUAL RECONCILIATION (LGT 140)

(KRS 91A.080; 806 KAR 2:090, 2:095, 2:096, and 2:097)

1. THIS FORM MUST BE FILED ON OR BEFORE MARCH 31ST OF EACH YEAR with the city, county, charter county, consolidated local government, or urban-county government to which it applies, and a copy submitted to the **Office of Insurance, Local Government Premium Tax Unit, P. O. Box 517, Frankfort, Kentucky, 40602**, accompanied by a \$5.00 fee per insurer/broker payable to the Kentucky State Treasurer. Where there are no premiums collected within any of the taxing authorities, see #7 below. Inquiries regarding the preparation of the annual reconciliation should be directed to the address above.
2. EACH INSURER/BROKER MUST FILE. GROUP FILINGS ARE NOT ACCEPTABLE. Always give the employer identification number assigned by the IRS and other required information, including the telephone number of the person preparing the return. Please do not staple the filings.
3. Each tax return for each city, county, charter county, consolidated local government, or urban-county government must bear the certification (signature of preparer and date prepared) as shown on the specimen.
4. THE TAX RETURN IS A SPECIMEN ONLY. Each insurer/broker is responsible for producing sufficient tax return forms which contain the information requested in the general arrangement shown on the specimen. Insurers/brokers may use forms substantially similar to the specimen.
5. Any license fee or tax not paid on or before the due date shall bear interest at the tax interest rate as defined in KRS 131.010(6) from the date due until paid. Such interest is payable to the cities, counties, charter counties, consolidated local governments, or urban county governments.
6. The tax rates may change effective July 1. Be certain to use the correct tax percentage.
7. If the insurer/broker has collected no premiums within any taxing authority for the kinds of insurance subject to this tax, the insurer/broker shall notify the Office of Insurance by completing Form LGT-140 and state the reason that no Kentucky Local Government Premium Taxes were due. This report shall contain the signature of the company official or other person responsible for preparing the report and be

accompanied by a fee of \$5.00 per insurer/broker. An insurer/broker shall not file Form LGT-140 with cities, counties, charter counties, consolidated local governments, or urban county governments where the tax liability is NONE.

8. Reports that are not legible will not be accepted.
9. Annual reconciliations must be filed by tax year. We cannot approve more than one form for any city, county, charter county, consolidated local government, or urban-county government. When errors are found, a new annual reconciliation must be filled out in its entirety and amended to include corrections. Submit the amended form to the city/county/government along with additional money due, if applicable, and a copy of the form to the Office of Insurance.
10. SPECIAL INSTRUCTIONS RELATED TO SURPLUS LINES BROKERS

Annual reconciliations shall be filed with the Office of Insurance and the applicable local government by the surplus lines broker. Each return submitted to the local governments shall include a listing of the insurance companies that supplied the coverage for which the premiums and taxes are being reported. This information shall be listed in Section III of Form LGT-140. **Please note that surplus lines brokers are no longer required to submit a separate Form LGT-140 to each municipality for each insurance company through which insurance business was exported.**

11. PROPER COMPLETION OF THE ANNUAL RECONCILIATION

The Office of Insurance has automated the Kentucky Local Government Premium Tax information.

A. SECTION I

QUARTERLY INFORMATION

Column 1: Use the tax rate in effect for each quarter for each line of coverage. If premiums were returned at a different rate, they must be listed as a separate line item within that line of coverage.

Column 2: Include all premiums collected at an insurer's home, administrative, or regional offices during a calendar quarter for the lines of coverage subject to LGPT. **This column is for the reporting of premiums only. Do not add the amount of taxes collected or paid to the amount reported in this column.**

Column 3: This is the amount actually due the city/county for each quarter (check schedule for minimum taxes or flat fees). In this column, **always** indicate the amount of tax that should have been paid even when filing amended reconciliations.

Column 4: The collection fee shall be 15% of the tax or 2% of the premium, whichever is less. (The collection fee is not to be deducted from the tax payable.)

Column 5: When the tax payable (the amount in Column 3) is assessed upon the policyholder, Column 5 is the total of Columns 2 and 3. When the tax and collection fee are assessed upon the policyholder, Column 5 is the total of Columns 2, 3, and 4. If the tax and collection fee are paid solely by the insurer/broker, Column 5 will equal column 2.

Column 6: This is used when there was an error reported in Column 3 on the quarterly filings (form LGT-141) to the city/county. When any additional tax is due the city/county, the amount should be shown in Column 6 and also in Section II for computation of interest due. Any overpayment should be shown in Column 6 and taken in subsequent quarters.

Credits (Form LGT-142) In the columns for the line listed "Credits (Form LGT 142)", please fill out for each quarter and compute the total in the "Annual Totals" section. **FOR THIS SCHEDULE**, there are 24 cities that need an LGT-142 filed - BRECKINRIDGE COUNTY - Includes Cloverport, Hardinsburg and Irvington; BULLITT COUNTY - Fox Chase, Hebron Estates, Hunters Hollow, Lebanon Junction, Shepherdsville; CASEY COUNTY - Liberty; HOPKINS COUNTY - Dawson Springs, Hanson, Madisonville, Nebo, Nortonville, St. Charles and White Plains; JEFFERSON COUNTY - Glenview Manor, Kingsley, Ten Broeck and Watterson Park; MASON COUNTY - Dover; MEADE COUNTY - Ekron; PULASKI COUNTY - Science Hill; WAYNE COUNTY - Monticello (See LGT-142 Instructions)

ANNUAL TOTALS: Total annual figures for premiums received, tax payable, and interest paid are necessary.

B. SECTION II:

This section must be completed for all taxes that were not paid. Be certain to give totals for "Interest Due" and "Total Tax and Interest Due," along with "Date Tax Was Paid." Interest is computed from the date the tax was due (30 days after the end of each calendar quarter) until the date the tax is paid at the interest rate

prescribed by the Kentucky Revenue Cabinet. The Kentucky Department of Revenue has set the annual interest rate for the 2004 tax year at 5%.

C. SECTION III:

Surplus lines brokers filing LGT-140 in accordance with KRS 304.10 shall complete Section III. Each return submitted to the local governments by surplus lines brokers shall include a listing of the insurance companies that supplied the coverage for which the premiums and taxes are being reported. **Please note that surplus lines brokers are no longer required to submit a separate Form LGT-140 to each municipality for each insurance company through which insurance business was exported.**

D. SECTION IV:

Filings will not be approved without the proper certification (signature of preparer and date prepared).